Private Equity / Venture Capital / Real Estate Investment Trusts (REITS)

We understand the difference between venture capital and private equity firms. Although the insurance needs are similar, the expectations of investors are quite different. Venture capital investors expect risk. Private equity investors typically have a lower tolerance for risks; however private equity acquisitions often trigger lawsuits. We know how to design insurance programs than take this into account.

We have been insuring private equity and venture capital companies since our inception, including their portfolio companies. We also have experience with claims arising from this space.

Like directors and officers of corporations, the general partners of private equity/ REITS/ venture firms have obligations to their limited partners. Unlike D&Os or corporations, the general partners also have the potential litigation of the fund(s) portfolio companies. The General Partners owe their limited partners investors and the constituency of the portfolio companies a fiduciary duty of care and loyalty. The limited partners expect the partnership’s funds to be invested according to the guidelines outlined in the private placement memorandum and definitely expect comprehensive due diligence on each investment. In cases of IPO and /or M&A litigation is not only frequent but expected.

General partners typically have board representation on each portfolio company. These can raise insurance issues that must be addressed with the correct policy language. We have placed D&O/E&O/EPL insurance for private equity /REITS/ venture capital firms from $1 to $50 million limits. We have designed innovative program structures that allow for the transfer of risk for: General Partners, Limited Partners, General Partnership, specific professional malpractice, dedicated outside directorship protection and employments practices.

Private Equity Management Liability (“PEML”) is a comprehensive insurance product designed to protect the private equity firm and its individuals against claims arising out of the activities performed in managing the fund. The program consists of several coverage parts, including:

1. **Directors’ and Officers’ Liability:** protects the directors and officers of the private equity firm, its subsidiaries and related entities (i.e. Funds, General Partners, Investment Holding companies) against alleged errors, omissions, misleading statements, breach of trust or breach of warranty
2. **Outside Directorship Liability:** coverage for directors, officers or employees for wrongful acts while acting in a capacity of director, officer or manager of a portfolio company
3. **Professional Liability:** covers claims alleging failure to perform professional services (investment advisory services)
4. **Employment Practices Liability:** protects officers and employees against suits alleging wrongful termination, sexual harassment, failure to hire or promote, and discrimination
5. **Crime:** protects the entity against direct financial loss sustained as a result of employee or third party dishonesty, fraud or computer crime.